

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Financial Statements and Management's
Discussion and Analysis

March 31, 2014

(With Independent Auditors' Report Thereon)

OGDENSBURG BRIDGE AND
PORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Governing Board
Ogdensburg Bridge and Port Authority:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Ogdensburg Bridge and Port Authority (the Authority), as of and for the year ended March 31, 2014, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ogdensburg Bridge and Port Authority, as of March 31, 2014, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 4 through 10 and the schedule of funding progress for other postemployment benefits on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Ogdensburg Bridge and Port Authority's basic financial statements. The individual fund financial statement schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statement schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statement schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Authority's 2013 financial statements, and our report dated June 12, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2014 on the Ogdensburg Bridge and Port Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. The purpose of that report is to provide an opinion as to the Authority's compliance with investment guidelines contained therein. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Ogdensburg Bridge and Port Authority's internal control over financial reporting and compliance.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 11, 2014

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Management's Discussion and Analysis
March 31, 2014

USING THIS ANNUAL REPORT

This annual report consists of three parts:

- Management's Discussion and Analysis
- Audited Financial Statements
- Other Supplementary Information

BACKGROUND AND HIGHLIGHTS

In 1950, Governor Thomas E. Dewey signed a bill (Article 3, Title 8), creating the Ogdensburg Bridge Authority. Later, in 1958, legislation (Article 6, Title 3), created the Ogdensburg Port Authority. In 1961, the two Authorities were combined into the Ogdensburg Bridge and Port Authority (Amended Article 3, Title 8). Today, the Ogdensburg Bridge and Port Authority manages \$72.2 million in assets including:

- The Ogdensburg-Prescott International Bridge
- The Port of Ogdensburg
- A short-line railroad (New York and Ogdensburg Railway)
- The Ogdensburg International Airport (OGS)
- The Commerce Park / Heavy Industrial Park (Foreign Trade Zone 118)
- The Ogdensburg Border Station, Inc.

Each asset operates according to the Authority's central mission:

"While remaining self-sustaining, the Authority creates sound economic business development through the promotion of buildings and river, road, rail and air transportation. This is accomplished by providing exceptional customer service, safe and secure facilities, good environmental stewardship, and focused professionalism."

Ogdensburg-Prescott International Bridge

The initial phase of the Ogdensburg-Prescott International Bridge Rehabilitation Project was completed in December 2011. The project entailed the complete re-decking of the suspension portion of the bridge, electrical upgrades, and new railing for the entire length of the bridge. With Phase One Bridge Rehabilitation complete the Authority continues to promote the \$95 million in unmet capital need for Approach Span Rehabilitation to protect the region's economy. Continued rehabilitation of the United States and Canadian approaches will ensure safe and reliable international commerce for the foreseeable future. The Authority anticipates submitting and application for a TIGER grant in the upcoming fiscal year. This grant will be used to facilitate the next phase of Bridge rehabilitation.

Updated billboards on the United States side of the Bridge and anticipated improved signage on the Canadian side, coupled with the U.S. installation of the digital display sign have helped significantly raise the profile of the international crossing and should continue to do so for many years to come.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Management's Discussion and Analysis, Continued

Port of Ogdensburg

The Authority continues to work with the USACE on both the harbor deepening study and the squaring up of the dock face as part of a Section 107 study to be completed in 2014. These port improvements will enable the Authority to receive shipments of salt more efficiently (i.e. no/less relocation of salt piles). The Authority is also looking at other opportunities to increase business at the port in the upcoming year.

The Authority's marketing strategy has been retooled to increase effectiveness and planning efforts are underway for development of three underutilized parcels to promote future growth. Each of these accomplishments positions the Authority for future growth.

Efforts continue to develop additional business and employment within the Port segment of the Authority at the New York and Ogdensburg Railway, Authority Industrial Parks, and the Ogdensburg International Airport.

Short-line Railroad

The NYOG is operated under lease by Vermont Rail System of Burlington, Vermont. Rail traffic continues to improve. Products handled include fertilizer, road salt, feed grain, glass cullet, iron oxide, and paper. Agricultural products show the most promise for continued growth along with the delivery of wind turbine blades via rail. The railway also operates Seaway Bulk Services (SBS), a rail/truck multi-modal facility at the Port of Ogdensburg, handling resins, lubricants, pellets, agricultural products, chemicals, etc. Commodities are trans-loaded between rail and truck at this facility connecting rail service to industries throughout the region.

The NYOG participated in the wind turbine project, delivering 105 turbine blades to the Port via rail. These blades originated at the manufacturer in Colorado and represented the longest rail haul of domestic turbine blades to date.

Continued rehabilitation of the line is critical to maintaining transportation capabilities of both the Authority rail and Port facilities. See NYOG: <http://www.vrs.us.com/railroads/nyog.html> and SBS: <http://www.vrs.us.com/partners/sbs.html> for more information.

Ogdensburg International Airport

While a revenue-producing challenge asset for the Authority, the airport remains an essential component of the region's overall economic development profile.

Cape Air, a Massachusetts-based airline, continues daily passenger flights out of Ogdensburg under the Essential Air Service (EAS) program with United States Department of Transportation (USDOT). With three daily direct flights to Albany, New York, area residents have found the passenger service convenient and affordable. Passenger traffic was up 2,665 commuter passengers this past year, which represents a 34% increase. This is the second straight year with a significant increase and demonstrates the importance of passenger service at the Ogdensburg International Airport.

OGDENSBURG BRIDGE AND
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Management's Discussion and Analysis, Continued

The Authority is working to expand Commercial Air Service at the Airport, which includes an expansion of the terminal, additional parking, and lengthening of the runway from 5,200 feet to 6,400 feet.

Commerce Park / Heavy Industrial Park

Commerce Park, which has been developed by the Authority over the past 20+ years, is home to over 25 companies that employ over 500 area residents in a mix of Authority-owned and privately-owned facilities. Thirteen buildings in Commerce Park are utilized primarily for light manufacturing and distribution. At a total of 292,472 square feet of space, Commerce Park generates a modest revenue stream. Of the seven buildings (140,200 square feet) owned by the Authority, these tenants continue to provide jobs to citizens of our community and have made a major commitment to Northern New York.

The park is anchored by a variety of industrial firms, including Med Eng, ara Shoes, and T-Base Communications. Other businesses in the park include the St. Lawrence Federal Credit Union, A.N. Deringer, Inc., DeFelsko Corporation, Corporate Center, Lincare, FedEx, Strader-Ferris International and a number of other small businesses. The Authority's heavy industrial park is home to ACCO Brands, Inc, which recently underwent an expansion. The office products company is one of the area's largest employers. Graymont Materials, Inc. also operates a cement batch plant in the heavy industrial park. The Authority recently recruited Maxam to the heavy industrial park. Maxam will be constructing a new building and employing approximately ten people.

A public-private partnership was also facilitated by the Authority between A. N. Deringer, Inc. and DeFelsko Corporation in the light industrial park that will retain bridge traffic and existing jobs as well as create approximately fifty-five (55) new jobs for the community.

The Authority continues efforts to attract additional jobs, retain existing jobs, and increase investment in Northern New York. A one hundred thousand dollar grant for the installation of improved and expanded fiber optic lines in the industrial park was awarded to the Authority by the Northern Border Regional Commission. This infrastructure improvement expands the capabilities and increases the attractiveness of the industrial parks to a wider variety of companies.

Additional capital investments will be required in order to maintain Authority infrastructure to expand our operational revenues. The Authority is extremely limited in available funds and continues to seek outside funding sources such as Local, State, and Federal grants and work closely with our elected government representatives to secure the funding needed for future projects.

OGDENSBURG BRIDGE AND PORT AUTHORITY

Management's Discussion and Analysis, Continued

Outlook

The Authority is positioned for growth; now we need to make it happen. The upcoming year focuses on three key areas for the Authority: job creation, raising the Authority's profile, and redoubling efforts to obtain bridge funding.

Job Creation: Job creation occurs through public-private partnerships, engagement of partner agencies, and implementation of grant-funded construction projects. It is essential that the Authority continue to pursue public-private partnerships which utilize authority assets to create jobs. As demonstrated by the cooperation of partner agencies that assisted in filling the Port Access Road funding shortfall, the engagement of partner agencies is essential. The Authority will broaden and deepen our engagement of partner agencies to leverage programs in an effort to create jobs. Further, the Authority must obtain grant funding for additional projects. The Authority will continue to support our capital program goals and we must continue to leverage this strength to obtain additional funding on a broader range of grant applications. To assist with this effort funds are allocated for grants in the upcoming budget.

Raise the Authority's Profile: Economic activity fuels additional economic activity. The Authority successfully accomplished many projects this past year, but has experienced inadequate press coverage of economic events. New customers have gone unreported in the regional media, expansions unnoticed, and growth underreported. This translates into missed opportunities for the Authority to promote economic development, its relevance, and to publicly thank elected officials for their assistance. The Authority will continue its outreach effort to media promoting our economic gains and reaffirming our mission.

Bridge Funding: The 2012 Biennial Inspection Report indicates an accelerated need for funding due to the condition of the bridge structure. Advocacy efforts will be redoubled at the state and federal levels not only to increase awareness, but to ensure the bridge remains a priority, is listed as such on funding priority lists, and ultimately receives funding once funds become available. The bridge is a key enabler of the Northern New York economy and we must continue to highlight this in order to obtain relevance and future funding.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of four components:

- Statement of net position
- Statement of revenue, expenses and changes in net position
- Statement of cash flows
- Notes to financial statements

The *statement of net position* presents information on all of the Authority's assets and liabilities at a point in time, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

OGDENSBURG BRIDGE AND
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Management's Discussion and Analysis, Continued

The *statement of revenue, expenses and changes in net position* presents information showing how the Authority's net position changed during a period of time. These changes are recorded on the accrual basis of accounting, as more fully described in the notes to the financial statements.

The *statement of cash flows* reconciles the Authority's operating income (loss) as reported on the accrual basis of accounting with the net cash provided by (used in) operating activities.

The *notes to financial statements* provide additional information that is an integral part of the financial statements taken as a whole.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Authority's financial position. As of March 31, 2014 and 2013, assets exceeded liabilities by \$48,309,523 and \$49,498,554, respectively.

The Authority's financial position is the product of several financial transactions including the net results of activities, the valuation of certain assets and liabilities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the Authority's financial position as of March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Current assets	\$ 3,357,960	3,454,023
Capital assets (net of depreciation)	68,724,252	70,722,734
Other noncurrent assets	<u>151,842</u>	<u>161,193</u>
Total assets	<u>72,234,054</u>	<u>74,337,950</u>
Current liabilities	1,447,617	1,518,361
Noncurrent liabilities	<u>22,476,914</u>	<u>23,321,035</u>
Total liabilities	<u>23,924,531</u>	<u>24,839,396</u>
Net position	\$ <u>48,309,523</u>	<u>49,498,554</u>

OGDENSBURG BRIDGE AND
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Management's Discussion and Analysis, Continued

Changes in the Authority's net position can be determined by reviewing the following condensed statements of revenue, expenses, and changes in net position for the years ended March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Operating revenue and grants	\$ 5,906,251	7,397,110
Operating expenses	<u>7,675,021</u>	<u>8,387,166</u>
Operating income (loss)	(1,768,770)	(990,056)
Nonoperating revenue and grants	<u>579,739</u>	<u>1,170,373</u>
Change in net position	(1,189,031)	180,317
Net position at beginning of year	<u>49,498,554</u>	<u>49,318,237</u>
Net position at end of year	\$ <u>48,309,523</u>	<u>49,498,554</u>

CAPITAL ASSETS

The following table is an analysis of the Authority's capital assets as of March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Original cost	\$ 107,530,361	107,743,110
Accumulated depreciation	<u>(39,562,918)</u>	<u>(37,540,653)</u>
	67,967,443	70,202,457
Construction in progress	<u>756,809</u>	<u>520,277</u>
Total capital assets	\$ <u>68,724,252</u>	<u>70,722,734</u>

LONG TERM DEBT

The following table is an analysis of long-term debt as of March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Advances due State of New York	\$ 18,629,974	18,838,494
Bonds payable	2,785,000	3,390,000
Mortgages and notes payable	<u>1,341,407</u>	<u>1,431,753</u>
	22,756,381	23,660,247
Less current portion of debt	<u>(829,906)</u>	<u>(823,230)</u>
Total long-term debt	\$ <u>21,926,475</u>	<u>22,837,017</u>

OGDENSBURG BRIDGE AND
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Management's Discussion and Analysis, Continued

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority at One Bridge Plaza, Ogdensburg, New York 13669.

OGDENSBURG BRIDGE AND
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 Statement of Net Position - Proprietary Funds
 March 31, 2014
 with comparative totals for 2013

<u>Assets</u>	<u>Bridge Fund</u>	<u>Port Fund</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Current assets:				
Cash and cash equivalents	\$ 1,853,366	590,561	2,443,927	2,632,012
Restricted deposits	<u>-</u>	<u>2,126</u>	<u>2,126</u>	<u>454</u>
Total cash and cash equivalents	1,853,366	592,687	2,446,053	2,632,466
Accounts receivable	204,318	478,563	682,881	362,799
Grants receivable	-	-	-	274,706
Inventories	2,974	36,418	39,392	59,876
Prepaid expenses	<u>117,849</u>	<u>71,785</u>	<u>189,634</u>	<u>124,176</u>
Total current assets	<u>2,178,507</u>	<u>1,179,453</u>	<u>3,357,960</u>	<u>3,454,023</u>
Noncurrent assets:				
Security deposits	8,765	143,077	151,842	161,193
Interfund loans	11,278,399	(11,278,399)	-	-
Capital assets, net of accumulated depreciation	<u>40,100,793</u>	<u>28,623,459</u>	<u>68,724,252</u>	<u>70,722,734</u>
Total noncurrent assets	<u>51,387,957</u>	<u>17,488,137</u>	<u>68,876,094</u>	<u>70,883,927</u>
Total assets	<u>53,566,464</u>	<u>18,667,590</u>	<u>72,234,054</u>	<u>74,337,950</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND
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Statement of Net Position - Proprietary Funds, Continued

<u>Liabilities and Net Position</u>	<u>Bridge Fund</u>	<u>Port Fund</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Current liabilities:				
Accounts payable and accrued expenses	\$ 253,959	244,540	498,499	557,451
Accrued vacation compensation	51,260	60,174	111,434	129,368
Restricted deposits	-	2,126	2,126	454
Current portion of accrued employee retirement	7,260	-	7,260	5,006
Current portion of due to State of New York	75,000	-	75,000	133,465
Current portion of bonds payable	640,000	-	640,000	605,000
Current portion of notes payable	-	107,646	107,646	79,759
Unearned income	5,164	488	5,652	7,858
Total current liabilities	<u>1,032,643</u>	<u>414,974</u>	<u>1,447,617</u>	<u>1,518,361</u>
Noncurrent liabilities:				
Lease and escrow deposits	8,765	143,077	151,842	161,193
Accrued expenses	96,461	-	96,461	65,578
Postemployment benefits other than pensions	133,200	161,676	294,876	252,241
Due to State of New York, excluding current portion	16,573,824	1,981,150	18,554,974	18,705,029
Bonds payable, excluding current portion	2,145,000	-	2,145,000	2,785,000
Notes payable, excluding current portion	-	1,233,761	1,233,761	1,351,994
Total noncurrent liabilities	<u>18,957,250</u>	<u>3,519,664</u>	<u>22,476,914</u>	<u>23,321,035</u>
Total liabilities	<u>19,989,893</u>	<u>3,934,638</u>	<u>23,924,531</u>	<u>24,839,396</u>
Contingencies (note 14)				
Net Position:				
Net investment in capital assets	20,666,969	25,300,902	45,967,871	47,062,126
Unrestricted	<u>12,909,602</u>	<u>(10,567,950)</u>	<u>2,341,652</u>	<u>2,436,428</u>
Total net position	<u>\$ 33,576,571</u>	<u>14,732,952</u>	<u>48,309,523</u>	<u>49,498,554</u>

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND
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 Statement of Revenue, Expenses and Changes
 in Net Position - Proprietary Funds
 Year ended March 31, 2014
 with comparative totals for 2013

	Bridge Fund	Port Fund	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Operating revenue:				
Bridge tolls	\$ 2,485,428	-	2,485,428	2,473,618
Rentals	1,464,507	948,944	2,413,451	2,555,104
Fuel sales (net of fuel purchases of \$129,620 in 2014 and \$129,526 in 2013)	-	19,107	19,107	15,523
Port operating fees	-	896,225	896,225	2,283,107
Construction projects	-	14	14	19,500
Operating grants	5,850	14,600	20,450	3,653
Miscellaneous	17,594	53,982	71,576	46,605
Total operating revenue	<u>3,973,379</u>	<u>1,932,872</u>	<u>5,906,251</u>	<u>7,397,110</u>
Operating expenses:				
Salaries and wages	837,136	945,454	1,782,590	2,387,207
Payroll taxes and benefits	677,423	674,356	1,351,779	1,368,486
Automotive	70,467	105,595	176,062	132,296
Building and grounds maintenance	137,623	81,386	219,009	162,728
Equipment repairs and maintenance	36,702	137,033	173,735	272,002
Fuel and utilities	98,781	214,602	313,383	231,066
Bridge inspections	21,406	-	21,406	111,744
Insurance	172,499	108,420	280,919	322,631
Telephone and postage	20,668	16,171	36,839	36,231
Advertising	9,942	102,604	112,546	136,968
Professional fees	184,235	178,376	362,611	351,049
Depreciation	1,080,391	1,545,173	2,625,564	2,562,472
Office supplies	12,758	5,718	18,476	35,731
Subscriptions and dues	-	9,782	9,782	6,279
Travel and meetings	6,850	30,489	37,339	12,898
New York State assessments and fees	-	-	-	2,901
Miscellaneous	19,790	133,191	152,981	254,477
Total operating expenses	<u>3,386,671</u>	<u>4,288,350</u>	<u>7,675,021</u>	<u>8,387,166</u>
Operating income (loss)	<u>586,708</u>	<u>(2,355,478)</u>	<u>(1,768,770)</u>	<u>(990,056)</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND
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 Statement of Revenue, Expenses and Changes
 in Net Position - Proprietary Funds, Continued

	Bridge Fund	Port Fund	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Non-operating income (expense):				
Federal and State grants	\$ -	984,940	984,940	1,497,085
Interest income	363	440	803	1,433
Loss on foreign currency exchange	(14,949)	-	(14,949)	(31,950)
Loss on sale of capital asset	-	(149,915)	(149,915)	-
Interest expense	<u>(177,380)</u>	<u>(63,760)</u>	<u>(241,140)</u>	<u>(296,195)</u>
Total non-operating income (expense)	<u>(191,966)</u>	<u>771,705</u>	<u>579,739</u>	<u>1,170,373</u>
Change in net position	394,742	(1,583,773)	(1,189,031)	180,317
Net position at beginning of year	<u>33,181,829</u>	<u>16,316,725</u>	<u>49,498,554</u>	<u>49,318,237</u>
Net position at end of year	<u>\$ 33,576,571</u>	<u>14,732,952</u>	<u>48,309,523</u>	<u>49,498,554</u>

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND
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 Statement of Cash Flows - Proprietary Funds
 Year ended March 31, 2014
 with comparative totals for 2013

	Bridge <u>Fund</u>	Port <u>Fund</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Cash flows from operating activities:				
Receipts from customers	\$ 3,876,972	1,701,900	5,578,872	7,269,138
Operating grants	5,850	-	5,850	3,653
Payments to employees	(851,649)	(919,703)	(1,771,352)	(2,377,980)
Other payments	<u>(1,376,758)</u>	<u>(1,946,522)</u>	<u>(3,323,280)</u>	<u>(3,288,933)</u>
Net cash provided by (used in) operating activities	<u>1,654,415</u>	<u>(1,164,325)</u>	<u>490,090</u>	<u>1,605,878</u>
Cash flows from non-capital financing activities - operating subsidies and transfers to other funds	<u>(701,529)</u>	<u>701,529</u>	<u>-</u>	<u>-</u>
Cash flows from capital financing activities:				
Principal paid on capital debt	(755,000)	(148,866)	(903,866)	(691,932)
Capital expenditures	(119,407)	(507,675)	(627,082)	(3,645,559)
Federal and State grants	-	1,259,646	1,259,646	1,770,844
Interest paid on capital debt	<u>(177,380)</u>	<u>(63,760)</u>	<u>(241,140)</u>	<u>(296,195)</u>
Net cash provided by (used in) capital financing activities	<u>(1,051,787)</u>	<u>539,345</u>	<u>(512,442)</u>	<u>(2,862,842)</u>
Cash flows from investing activities:				
Interest income	363	440	803	1,433
Loss on sale of capital asset	-	(149,915)	(149,915)	-
Loss on foreign currency exchange	<u>(14,949)</u>	<u>-</u>	<u>(14,949)</u>	<u>(31,950)</u>
Net cash used in investing activities	<u>(14,586)</u>	<u>(149,475)</u>	<u>(164,061)</u>	<u>(30,517)</u>
Net change in cash and equivalents	(113,487)	(72,926)	(186,413)	(1,287,481)
Cash and equivalents at beginning of year	<u>1,966,853</u>	<u>665,613</u>	<u>2,632,466</u>	<u>3,919,947</u>
Cash and equivalents at end of year	<u>\$ 1,853,366</u>	<u>592,687</u>	<u>2,446,053</u>	<u>2,632,466</u>

(Continued)

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Statement of Cash Flows - Proprietary Funds, Continued

	Bridge <u>Fund</u>	Port <u>Fund</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 586,708	(2,355,478)	(1,768,770)	(990,056)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,080,391	1,545,173	2,625,564	2,562,472
Change in:				
Receivables	(94,761)	(225,321)	(320,082)	(131,722)
Inventories	2,808	17,676	20,484	(5,305)
Prepaid expenses	(28,223)	(37,235)	(65,458)	(40,569)
Accounts payable and accrued expenses	83,971	(127,720)	(43,749)	167,480
Restricted deposits	-	1,672	1,672	-
Postemployment benefits other than pensions	20,077	22,558	42,635	35,720
Unearned income	3,444	(5,650)	(2,206)	7,858
	<u>3,444</u>	<u>(5,650)</u>	<u>(2,206)</u>	<u>7,858</u>
Net cash provided by (used in) operating activities	<u>\$ 1,654,415</u>	<u>(1,164,325)</u>	<u>490,090</u>	<u>1,605,878</u>

See accompanying notes to financial statements.

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Notes to Financial Statements

March 31, 2014

(1) Organization

The Ogdensburg Bridge and Port Authority (the Authority) was created pursuant to the Public Authorities Law of the State of New York (the State) by an enactment entitled “Ogdensburg Bridge Authority Act,” on April 18, 1950. The name of the Authority was amended from “Ogdensburg Bridge Authority” to “Ogdensburg Bridge and Port Authority” on April 1, 1960.

The Authority was created for the purpose of constructing, operating and maintaining the international bridge across the St. Lawrence River. The operations of the bridge are accounted for in the Bridge Fund. The Port Fund operations of the Authority consist of the Ogdensburg International Airport, Port of Ogdensburg, New York and Ogdensburg Railway, and an industrial park all of which are accounted for as separate units within that fund.

The reporting entity of the Authority is based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14 - “The Financial Reporting Entity.” The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The accompanying financial statements present the activities of the Authority and its component unit, the Ogdensburg Border Station, Inc. (the Border Station). The decision to include a potential component unit in the Authority’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the following is a brief description of the component unit included in the Authority’s reporting entity.

- Blended Component Unit

Ogdensburg Border Station, Inc. - The Ogdensburg Border Station, Inc. was created as a local development company for the purpose of constructing a new border station for the U.S. Customs and to issue taxable revenue bonds for financing the cost. The governing body of the Authority is the same as the governing body of the Border Station. Separate audited financial statements of the Border Station, which have been blended into the Bridge Fund, can be obtained at the Authority’s business office. The Border Station is independent of the Authority with respect to financial transactions. The Authority charged management fees to the Border Station in the amount of \$421,033 and \$329,023 during the years ended March 31, 2014 and 2013, respectively, for managing and maintaining the customs border station buildings and grounds.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental accounting and financial reporting principles. The Authority's financial statement presentation is prepared in accordance with the provisions of GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America in the GASB's authoritative literature. The more significant accounting policies are described below.

(b) Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for government entities as prescribed by the GASB as a proprietary fund.

(c) Operating Measure

Operating income reported in the financial statements includes revenue and expenses related to the primary continuing operations of the fund. Principal operating revenues include bridge tolls, building rentals and port operating fees. Principal operating expenses include the costs of providing these services, administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

(d) Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) Cash and Equivalents

For purposes of reporting cash flows, cash and equivalents includes money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

(f) Investments

The investment policy of the Authority stipulates that the Authority may invest in obligations of the State, the United States government, repurchase agreements, or money market deposit accounts. Repurchase agreements must be collateralized by obligations guaranteed by the United States government, which are equal in value to the repurchase agreement. The agreements shall not exceed sixty days and payment shall be made only upon delivery of collateral to the Authority's agent. All investments and related collateral are held by the Authority's agent in the Authority's name.

(g) Receivables

Accounts receivable are stated at net estimated realizable value by writing off bad debts as they are determined to be uncollectible. An allowance for bad debts is not considered material; accordingly, no allowance is maintained.

Grants receivable from Federal and State agencies are recorded at the time the right to receive such funds occurs.

(h) Inventories

Inventories are stated at cost on the first-in, first-out method.

(i) Prepaid Expenses

Expenses paid in advance of the period to be benefited are recorded as an asset and are expensed over the period of time to be benefited.

(j) Capital Assets

Investments in capital assets are stated at cost. Expenditures for maintenance, repairs, renewals, and improvements, which do not materially extend the useful lives of the assets, are charged to operations when incurred. Infrastructure assets, such as roads and bridges, are recorded at cost and depreciated over their estimated useful lives. Grants received from other governmental agencies to partially finance capital projects are shown as grant income and are not offset against the cost of the facilities. Donated facilities are shown at estimated fair market value at the date of acquisition. Effective for the year ended March 31, 2002, the Authority changed its depreciation policy to record depreciation on infrastructure assets in order to conform with the provisions of GASB Statement No. 34. The Authority's capital asset policy defines capitalization of an expenditure when the dollar amount exceeds \$2,500.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Capital Assets, Continued

The straight-line method of depreciation is generally used for capital assets, based on their estimated useful lives. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	20 - 50 years
Improvements/infrastructure	10 - 50 years
Bridges	50 - 100 years
Vehicles and equipment	3 - 20 years

(k) Real Estate Sales

The Authority accounts for real estate sales under the accrual method when certain criteria are met. Under the accrual method, profit or loss is recognized when a sale transaction has been consummated.

(l) Foreign Currency Translation

The Authority translates Canadian assets and liabilities to U.S. currency at rates of exchange in effect at the financial statement date. Expense items are translated at average exchange rates prevailing during the reporting period. Revenues are converted on a daily basis.

(m) Retirement Benefits

The Authority provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (the System). The System provides various plans and options, some of which require employee contributions.

(n) Compensated Absences

Union employees and management/confidential employees are allowed to accumulate earned sick time up to a maximum of 160 days and 200 days, respectively. Vacation time earned as of an employee's anniversary date in excess of 30 days may not be carried forward. Upon termination, unused sick leave may be credited toward retirement and/or health benefits, while vacation time accumulated up to 30 days will be paid to the employee.

As of March 31, 2014 and 2013, the liabilities for accrued vacation leave amounted to \$111,434 and \$129,368, respectively.

(o) Capitalized Interest

The Authority capitalizes net interest costs as part of the cost of constructing industrial building projects and infrastructure projects in the industrial parks. The Authority did not capitalize any interest for the years ended March 31, 2014 and 2013.

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(p) Postemployment Benefits Other Than Pensions (OPEB)

In addition to providing the retirement benefits described in note 2(m), the Authority provides postemployment health insurance coverage to its retired employees and their survivors. The payment of this benefit is not governed by any employment contract and is done at the discretion of the members of the Board of the Authority.

The Authority pays a substantial portion of the cost of premiums to an insurance company which provides health care insurance. The Authority will pay 75% of health insurance premiums for future retirees with 20 years of active service until age 65. At that time, the retiree becomes responsible for the entire premium cost and the Authority will not reimburse retirees for the cost of Medicare.

The Authority also provides Medicare Part B reimbursement coverage for eligible retired employees.

In 2004, the GASB released Statement No. 45 (GASB 45) concerning health and other non-pension benefits for retired public employees. GASB 45 was issued to provide more complete and reliable financial reporting regarding the costs and financial obligations that governments incur when they provide OPEB as part of employee compensation. In 2008, the Authority implemented GASB 45.

(q) Unearned Revenue and Revenue Recognition

The Authority recognizes revenue when earned. Cash receipts received from rental operations are deferred until the month they are earned.

(r) Advertising Costs

Advertising costs are charged to operations when incurred and amounted to \$112,546 and \$136,968 for the years ended March 31, 2014 and 2013, respectively.

(s) Pollution Remediation Obligations

In accordance with the GASB Statement No. 49 - "Accounting for Pollution Remediation Obligations," management has concluded that no obligating event has occurred that would require recognition of a future pollution remediation obligation in the accompanying financial statements.

(t) Future Impacts of Accounting Pronouncements

GASB Statement No. 67 - "Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25" replaces the requirements of Statements No. 25 - "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 50 - "Pension Disclosures," as they relate to pension plans that are administered through trusts or equivalent arrangements. The requirements of the Statement are effective for financial statements for fiscal years beginning after June 15, 2013. This statements is not expected to have a material effect on the financial statements of the Authority.

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(t) Future Impacts of Accounting Pronouncements, Continued

GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of the statement are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect that this statement will have on the future financial statements of the Authority.

GASB Statement No. 69 - Government Combinations and Disposals of Government Operations" establishes accounting and financial reporting standards for government mergers, acquisitions, and disposals. The Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effect of those transactions. The requirements of this Statement are effective for periods beginning after December 15, 2013. This statement is not expected to have a material effect on the financial statements of the Authority.

GASB Statement No. 70 - "Accounting and Financial Reporting for Nonexchange Financial Guarantees" improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning December 31, 2014 for the Authority. This statement is not expected to have a material effect on the financial statements of the Authority.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(t) Future Impacts of Accounting Pronouncements, Continued

GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date" addresses an issue regarding application of the transition provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions." This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of the statement are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect that this statement will have on the future financial statements of the Authority.

(u) Subsequent Events

The Authority has evaluated events after March 31, 2014, and through June 11, 2014, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during the period that would require recognition or disclosure are properly addressed in these financial statements.

(3) Cash and Investments

The Authority's investment policies are governed by State statutes. In addition, the Authority has its own written investment policy. The Authority's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The chief financial officer is authorized to use demand and time accounts and certificates of deposit. Permissible instruments include U.S. treasury bills. Collateral is required for demand and time deposits and certificates of deposit for all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Deposits are valued at cost or cost plus interest and are categorized as either: (1) insured, (2) collateralized with the securities held by the financial institution's trust department or agency in the Authority's name, or (3) uncollateralized.

Total financial institution (bank) balances at March 31, 2014 were \$2,677,194. These deposits are categorized as follows:

<u>1</u>	<u>2</u>	<u>3</u>
\$ <u>1,012,427</u>	<u>1,664,767</u>	<u>-</u>

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(3) Cash and Investments, Continued

In compliance with State regulations for bridge and port authorities, the expenditure of revenue must be authorized by the Comptroller of the State. As of March 31, 2014 and 2013, the Authority had \$80,486 and \$501,385, respectively, in demand deposit accounts subject to State authorization. In addition, the Authority was authorized to establish revolving checking and savings accounts to enable the Authority to process its own checks subject to post audit by the State. As of March 31, 2014 and 2013, the Authority had \$223,382 and \$257,649, respectively, in revolving checking and savings accounts for this purpose.

The restricted deposit account represents an employees' direct benefit fund for the International Longshoremen Association with a balance of \$2,126 and \$454 at March 31, 2014 and 2013, respectively.

The Authority, in accordance with State approval, has established a capital improvement reserve account in the Bridge Fund for the deposit of excess monies resulting from a bridge toll rate increase which will be used to fund capital improvement projects. The balances in this account amounted to \$706,490 and \$665,405 at March 31, 2014 and 2013, respectively.

(4) Cash with Fiscal Agent

Pursuant to the terms of a bond issue, the Authority's component unit, the Border Station, was required to enter into a trust indenture with Manufacturers and Traders Trust Company (M&T Bank). The indenture requires that bank accounts be established as follows:

- Base rental account - deposit rents from the United States General Services Administration (GSA).
- Operating expense account - receipts of operating expenses from GSA.
- Redemption account - deposit proceeds from the issuance of bonds.
- Capitalized interest - deposit of interest during construction.

The balance for these accounts, included in cash and equivalents, amounted to \$185,455 and \$182,649 at March 31, 2014 and 2013, respectively.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(5) Capital Assets

Capital assets of the Bridge Fund for the year ended March 31, 2014 were as follows:

	Balance at <u>April 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance at March 31, <u>2014</u>
Capital assets, not being depreciated:				
Land	\$ 135,000	-	-	<u>135,000</u>
Total capital assets not being depreciated	<u>135,000</u>	-	-	<u>135,000</u>
Capital assets, being depreciated:				
Land improvements	2,299,056	-	-	2,299,056
Buildings	51,052,312	19,894	-	51,072,206
Machinery and equipment	<u>1,879,960</u>	<u>99,513</u>	<u>(32,845)</u>	<u>1,946,628</u>
Total capital assets being depreciated	<u>55,231,328</u>	<u>119,407</u>	<u>(32,845)</u>	<u>55,317,890</u>
Less accumulated depreciation for:				
Land improvements	(525,826)	(98,513)	-	(624,339)
Buildings	(12,307,869)	(882,765)	-	(13,190,634)
Machinery and equipment	<u>(1,470,856)</u>	<u>(99,113)</u>	<u>32,845</u>	<u>(1,537,124)</u>
Total accumulated depreciation	<u>(14,304,551)</u>	<u>(1,080,391)</u>	<u>32,845</u>	<u>(15,352,097)</u>
Total capital assets, being depreciated, net	<u>40,926,777</u>	<u>(960,984)</u>	-	<u>39,965,793</u>
Total capital assets, net	<u>\$ 41,061,777</u>	<u>(960,984)</u>	-	<u>40,100,793</u>

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Notes to Financial Statements, Continued

(5) Capital Assets, Continued

Capital assets of the Port Fund for the year ended March 31, 2014 were as follows:

	<u>Balance at April 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at March 31, 2014</u>
Capital assets, not being depreciated:				
Land	\$ 3,627,571	-	(5,043)	3,622,528
Construction in progress	<u>520,277</u>	<u>473,132</u>	<u>(236,600)</u>	<u>756,809</u>
Total capital assets not being depreciated	<u>4,147,848</u>	<u>473,132</u>	<u>(241,643)</u>	<u>4,379,337</u>
Capital assets, being depreciated:				
Land improvements	15,095,328	111,418	-	15,206,746
Buildings	29,963,107	266,260	(692,953)	29,536,414
Machinery and equipment	<u>3,690,776</u>	<u>303,993</u>	<u>(282,986)</u>	<u>3,711,783</u>
Total capital assets being depreciated	<u>48,749,211</u>	<u>681,671</u>	<u>(975,939)</u>	<u>48,454,943</u>
Less accumulated depreciation for:				
Land improvements	(4,935,074)	(457,352)	-	(5,392,426)
Buildings	(15,507,978)	(920,449)	325,545	(16,102,882)
Machinery and equipment	<u>(2,793,050)</u>	<u>(167,372)</u>	<u>244,909</u>	<u>(2,715,513)</u>
Total accumulated depreciation	<u>(23,236,102)</u>	<u>(1,545,173)</u>	<u>570,454</u>	<u>(24,210,821)</u>
Total capital assets, being depreciated, net	<u>25,513,109</u>	<u>(863,502)</u>	<u>(405,485)</u>	<u>24,244,122</u>
Total capital assets, net	<u>\$ 29,660,957</u>	<u>(390,370)</u>	<u>(647,128)</u>	<u>28,623,459</u>

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(6) Donated Property

On January 31, 2011, the Authority received title to a building from Sanmina-SCI Corporation in partial satisfaction of a lease termination fee. The building was recorded at its estimated market value of \$750,000, as determined by an independent appraisal and the Authority on the date of transfer.

On December 26, 1974, the Authority received from the St. Regis Paper Company, all of the line of railroad extending from Norwood, New York to Waddington, New York, known as the Norwood & St. Lawrence Railroad, and its related assets. The railroad was recorded at its estimated market value as determined by the Authority on the date of transfer, of \$783,022, which was the original cost on the books of St. Regis Paper Company.

(7) Construction in Progress

Construction in progress at March 31, 2014 consists of the following:

Port Fund:

Airport master plan	\$ 142,403
Airport water project	5,072
Airport runway rehabilitation	178,597
Marine harbor deepening project	69,797
Airport obstruction analysis	201,389
Airport terminal expansion and runway expansion	<u>159,551</u>
Total construction in progress	\$ <u>756,809</u>

(8) Interfund Loans

The Bridge Fund has subsidized, through direct loans or allocation of expenses, the costs of operating the Port Fund from 1961 to the present in the amount of \$11,278,399, inasmuch as the Port Fund has been unable to generate consistent income over the years to meet its operating expenses. The actual amount of this interfund account has been understated since not all overhead and other indirect expenses incurred by the Bridge Fund have been allocated to the Port Fund for its proportionate share.

(9) Line of Credit

The Authority maintains a line of credit agreement with a financial institution providing for total available borrowings of \$5,000,000. Outstanding borrowings bear interest at the prime rate and are collateralized by an assignment of the Authority's contract with New York State Department of Transportation (NYSDOT) related to the bridge rehabilitation project. There was no balance outstanding as of March 31, 2014 and 2013 under this facility.

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Notes to Financial Statements, Continued

(10) Long-Term Debt

(a) Due to State of New York for First Instance Advances

<u>Appropriations</u>	<u>Amount appropriated</u>	<u>Amount advanced to 3/31/14</u>	<u>Amount repaid to 3/31/14</u>	<u>Amount due at 3/31/14</u>
Chapter 864-1956	\$ 15,000,000	15,006,084	3,650,925	11,355,159
Chapter 218-1958	<u>7,000,000</u>	<u>6,690,717</u>	<u>100,000</u>	<u>6,590,717</u>
	<u>\$ 22,000,000</u>	<u>21,696,801</u>	<u>3,750,925</u>	<u>17,945,876</u>
Add - New York State Auditor's adjustment in 1974 to record first instance advances to finance port terminal construction cost				<u>684,098</u>
Amount due New York State				<u>\$ 18,629,974</u>

The original debt repayment agreement with the State provided for the payment of net revenue to the State when monies exceed the sum of \$250,000 and \$200,000 in the Bridge and Port Fund comptroller's cash accounts, respectively. Transfer of monies from the Bridge Fund to the Port Fund is taken into consideration in determining this amount.

The Authority and the Director of the Budget of the State (Director) entered into a new agreement during the fiscal year ended March 30, 1980, which increased the dollar limits to \$400,000 in the Bridge Fund and \$250,000 in the Port Fund. At such time monies held in these funds exceeded these limits, the excess was to be deposited into a capital construction fund in the State Comptroller's custody. The agreement also provided for an annual repayment, commencing July 1, 1979, of 50% of gross annual revenue less annual expenditures approved by the Director for the preceding fiscal year of the Authority as so certified by an external audit, provided however, that the minimum annual repayment could not be less than \$50,000. This agreement expired on March 31, 1990.

A first supplemental agreement was executed on February 25, 1986, which allowed the Authority to establish a capital improvement account not to exceed \$500,000 in the maintenance undistributed item of both the Bridge Fund and Port Fund budgets. The monies in these accounts could not be considered when computing the amounts of money in either fund.

A second supplemental agreement was entered into on May 29, 1995 with the Director. This agreement superseded all prior agreements with the State and provided that the Authority was to repay the State an amount of \$150,000 on March 31, 1996 and 1997, and \$75,000 each year beginning in March 1998 through 2005. This agreement was considered effective for the period April 1, 1990 through March 31, 2005.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(10) Long-Term Debt, Continued

(a) Due to State of New York for First Instance Advances, Continued

The agreement provided that in addition to the fixed repayment amounts, the Authority was to pay all monies held in the Bridge Fund in excess of \$750,000, provided however, that monies in the bridge economic development account/capital improvement account up to \$850,000 and the monies in the bridge revolving fund up to \$320,000 were not to be considered. Also, monies held in the Port Fund in excess of \$750,000 were to be paid to the State, provided however, that monies in the port economic development account/capital improvement account up to \$850,000 and that monies in the port revolving fund up to \$300,000 were not to be considered. As of March 31, 2009, the Authority had not exceeded these cash limits and consequently no additional debt payment was required.

A third supplemental agreement was entered into during the year ended March 31, 2004 which provided for annual payments of \$75,000 for the years ending March 31, 2004 through March 31, 2009 and provided an emergency deferral of any payment due in the event the Authority encounters extraordinary financial circumstances.

The State approved the Authority's request for a loan repayment forbearance on the annual \$75,000 payments that were due on March 31, 2004, 2005 and 2006 pursuant to the repayment agreement, to allow the Authority to build up its revenue base and make overdue capital investments. The \$75,000 payments that were due on March 31, 2007, 2008 and 2009 were made by the Authority.

A fourth supplemental agreement was entered into which provides for annual payments of \$75,000 for the years ending March 31, 2010 through March 31, 2014, and provides an emergency waiver of any payment due in the event the Authority encounters extraordinary financial circumstances.

(b) Note Payable - New York State Department of Transportation

The Authority was awarded funding from the New York State Department of Transportation totaling \$1,300,000 for partial financing of a construction project to develop an access road, water and sewer lines. Of this amount, 40% is considered a loan up to a maximum amount of \$520,000 to be repaid over five years beginning one year after acceptance by NYSDOT with interest at 0%. A total of \$389,823 has been disbursed as loan proceeds. A new loan repayment agreement, dated April 2004, provides for repayments beginning on June 30, 2006, with annual payments of \$38,977 through June 30, 2009, and \$58,465 from June 2010 to June 2013. Additionally, \$75,000 is due annually to the State under the fourth supplemental agreement as described in part (b) of this note. The balance due on this note totaled \$0 and \$58,520 at March 31, 2014 and 2013, respectively.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(10) Long-Term Debt, Continued

(c) Total Due to State of New York

	<u>2014</u>	<u>2013</u>
Amount due New York State - First Instance Advances	\$ 18,629,974	18,779,974
Amount due New York State Department of Transportation - note payable	<u> -</u>	<u> 58,520</u>
	18,629,974	18,838,494
Less current portion	<u> (75,000)</u>	<u> (133,465)</u>
Total due to State of New York, excluding current portion	<u>\$ 18,554,974</u>	<u>18,705,029</u>

(d) Notes Payable

Notes payable at March 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Loan with Community Bank, N.A., dated July 22, 2008, with a variable rate of interest adjusted every five years at the current five year T-Bill rate plus 2.25%, (3.98% at March 31, 2014), in the amount of \$1,600,000 for the construction of a 24,000 square foot shell building. The note is payable in equal monthly payments of \$11,302 with a 20-year term.	\$ 1,280,724	1,356,055
Loan with St. Lawrence Industrial Development Agency Civic Development Corporation, dated June 20, 2012 with a fixed rate of 2.625%, in the amount of \$87,000 to make improvements to the Port of Ogdensburg. The note is payable in equal monthly payments of \$1,549 with a 5 year term.	60,683	75,698
Less current portion	<u> (107,646)</u>	<u> (79,759)</u>
Notes payable, excluding current portion	<u>\$ 1,233,761</u>	<u>1,351,994</u>

(e) Bonds Payable

The Border Station issued taxable lease revenue bonds, dated July 2, 2002, in the amount of \$7,910,000. These bonds mature January 1, 2018 with interest of 5.715%. The bonds are secured by a trust indenture with M&T Bank, as trustee, and by an assignment agreement dated July 1, 2002 which assigns to the trustee the right, title and interest in the GSA lease agreement. The mortgage grants to the trustee, for the benefit of the owners of the bonds, a leasehold mortgage and security interest in the border facility. The balance on the bond issue amounted to \$2,785,000 and \$3,390,000 at March 31, 2014 and 2013, respectively.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(10) Long-Term Debt, Continued

(f) Long-Term Debt Maturities

Long-term debt maturities over the next five years and thereafter as of March 31, 2014 are as follows:

2015	\$	822,646
2016		861,351
2017		905,408
2018		938,596
2019		973,407
Thereafter		<u>18,254,973</u>
	\$	<u>22,756,381</u>

(11) Pension Plan

(a) General Information

The Authority participates in the New York State and Local Employees' Retirement System. This System is a cost sharing, multiple employer, public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

(b) Plan Descriptions

(1) Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as a sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

(2) Funding Policies

The System is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 and 6 who also contribute 3% of their salary without regard to their years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2013 are as follows:

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Notes to Financial Statements, Continued

(11) Pension Plan, Continued

(b) Plan Descriptions, Continued

(2) Funding Policies, Continued

<u>Tier/Plan</u>	<u>Rate</u>
3 A14	21.0%
4 A15	21.0
5 A15	16.9
6 A15	11.5

The required contributions for the current year and two preceding years are as follows:

2014	\$ 396,724
2013	258,039
2012	<u>297,709</u>

(12) Postemployment Benefits Other Than Pensions

Total expenditures charged to operations for the years ended March 31, 2014 and 2013 amounted to \$94,103 and \$90,525, respectively. At March 31, 2014 and 2013, the postemployment benefit liability for retired employees amounted to \$294,876 and \$252,241, respectively.

The number of participants as of April 1, 2013 was as follows:

Active employees	24
Retired employees	<u>13</u>
Total	<u>37</u>

Funding Policy - The Authority currently pays for postretirement health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

Details of the benefit obligation and OPEB cost are as follows as of and for the years ended March 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
<u>Benefit Obligations and Normal Cost</u>		
Actuarial accrued liability (AAL):		
Retired employees	\$ 372,434	409,468
Active employees	<u>573,151</u>	<u>521,404</u>
Total	<u>\$ 945,585</u>	<u>930,872</u>
Underfunded actuarial accrued liability (UAAL)	<u>\$ 945,585</u>	<u>930,872</u>
Normal cost for fiscal year	33,574	32,283
Amortization of unfunded UAAL	<u>60,529</u>	<u>58,242</u>
Annual required contribution	<u>\$ 94,103</u>	<u>90,525</u>

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(12) Postemployment Benefits Other Than Pensions, Continued

	<u>2014</u>	<u>2013</u>
<u>Annual OPEB Cost and Net OPEB Obligation</u>		
Annual OPEB cost	\$ 94,103	90,525
Contribution made on a pay-as-you-go basis	<u>(51,468)</u>	<u>(54,805)</u>
Increase in net OPEB obligation	42,635	35,720
Net OPEB obligation at beginning of year	<u>252,241</u>	<u>216,521</u>
Net OPEB obligation at end of year	\$ <u>294,876</u>	<u>252,241</u>
Actuarial methods and assumptions:		
Funding interest rate	4.0%	4.0%
Current year medical trend rate (health/drugs)	10.5%	10.5%
Next year medical trend rate (health/drugs)	7.25%	7.25%
Ultimate trend rate (health/drugs)	4.2%	4.2%
Year ultimate trend rate rendered	2022	2022
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
The remaining amortization period	24 years	25 years

(13) Operating Leases

The Authority executed a lease agreement with the United States of America, dated July 2, 2002, for rental of the new border station building to the General Services Administration. The lease provides for annual lease payments of \$1,069,860 beginning October 1, 2003, for a term of fifteen years. The lease provides for a change in rent should operating costs differ from the base costs of \$161,200 specified in the lease. Effective October 1, 2010, rents were changed to \$1,135,503 based on changes in consumer price index.

The Authority is the lessor of a customs building in the Bridge Fund and various industrial buildings and airport buildings in the Port Fund under operating leases expiring in various years through 2018.

Estimated minimum future rentals to be received on non-cancelable leases as of March 31, 2014 for each of the next five years are as follows:

	<u>GSA</u>	<u>Other</u>	<u>Total</u>
2015	\$ 1,152,129	833,235	1,985,364
2016	1,152,129	645,019	1,797,148
2017	1,152,129	486,728	1,638,857
2018	1,152,129	401,077	1,553,206
2019	576,065	301,779	877,844

OGDENSBURG BRIDGE AND
PORT AUTHORITY

Notes to Financial Statements, Continued

(14) Contingencies

A summons and complaint was served against the Authority for breach of contract by a developer seeking damages of approximately \$5,000,000. This case, commenced in April 1992 in New York State Supreme Court for St. Lawrence County, is still pending. The Authority moved for summary judgment in October 2004 and an order dated March 25, 2005, substantially granted the Authority's motion. That determination was affirmed by the Appellate Division, Third Department in February 2006. In the single claim that survives, the plaintiff now seeks approximately \$500,000. A motion by the Authority to dismiss the case, based on the plaintiff's failure to timely file a Note of Issue and Statement of Readiness for trial, was denied by the lower court in September 2005. As a protective measure, the Authority filed a Notice of Appeal therefrom, but has not yet perfected the appeal. After a non-jury trial, in November 2006, the Supreme Court dismissed the action in all respects. The plaintiff appealed but on March 20, 2008, the Appellate Division, Third Department, issued a decision affirming the trial verdict. In February 2009, the plaintiff obtained permission to appeal to the New York Court of Appeals, and on October 20, 2009, that court, while affirming the dismissal of the plaintiff's claims for lost profits and benefit-of-the-bargain damages, ruled that the plaintiff was entitled to a further opportunity to prove "reliance damages" if it could. A second bench trial on that issue was held in March 2011; no decision has been rendered yet. Outside counsel for the Authority has not concluded that the likelihood of an unfavorable outcome of this matter is either "remote" or "probable" and expresses no opinion as to its likely outcome. The Authority believes the suit is without merit and is vigorously defending its position.

The Authority has commenced action in Supreme Court for St. Lawrence County asserting a breach of construction contract claim against a project contractor and the contractor's surety. The contractor has responded with a counterclaim against the Authority in the amount of \$107,157 presumably relating to the balance of the contract price. The Authority has served a reply to the counterclaim, denying the allegations. The contractor and surety have also commenced a third party action against the manufacturer of materials used for the project. In January 2009, settlement discussions were unsuccessful. Since the fall of 2010, the Authority has commenced discussions with the New York State Department of Transportation in an attempt to resolve issues concerning approval of the project. These discussions have been ongoing and if successful, will lead to further discussions with the defendants on possible settlement of the litigation. Document discovery has been on hold since the Department of Transportation discussions were initiated by the Authority. This case was settled in 2014.

OGDENSBURG BRIDGE AND
PORT AUTHORITY
Notes to Financial Statements, Continued

(14) Contingencies, Continued

- A notice of claim dated August 31, 2005, was filed against the Authority by a neighboring production facility placing the Authority on notice that the facility will bring suit against the Authority to protect its plant operations and its legal rights. A summons and complaint dated September 14, 2006, was then served against the Authority alleging that the Authority has allowed salt particulates to become airborne and contaminate the neighboring facility, resulting in the facility to be in violation of New York State Department of Environmental Conservation emissions regulations. The Authority believes the suit is without merit and intends to vigorously contest the case. It is not possible to evaluate the likelihood of an unfavorable outcome or an estimate of any potential loss.
- A notice of claim dated March 5, 2010, was filed against the Authority by an employee of an Authority tenant alleging personal injuries were sustained from a fall during the course of employment on Authority property. A Workers' Compensation Board examination was completed on May 11, 2010. This case was dismissed in favor of the Authority.
- A notice of claim dated May 13, 2011, was filed against the Authority by an employee of an Authority contractor alleging personal injuries were sustained on February 22, 2011, during the course of employment on Authority property. An initial meeting with the claims adjuster was held on May 18, 2011 at the Authority and the claim has not yet been assigned to counsel. It is not possible to evaluate the outcome of this matter as of the audit date.
- Financial awards from Federal, State, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Authority for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

OGDENSBURG BRIDGE AND PORT AUTHORITY
 Required Supplementary Information
 Schedule of Funding Progress
 Other Postemployment Benefits

<u>Actuarial Valuation Date</u>	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage covered payroll ((b-a)/c)
March 31, 2014	\$ -	945,585	945,585	0.0%	N/A	0.0%
March 31, 2013	-	930,872	930,872	0.0%	1,614,422	58.0%
March 31, 2012	-	917,507	917,507	0.0%	1,517,829	60.0%

OGDENSBURG BRIDGE AND
 PORT AUTHORITY
 Schedule of Revenue, Expenses, and Changes
 in Net Position - Bridge Fund
 Year ended March 31, 2014
 with comparative totals for 2013

	<u>2014</u>	<u>2013</u>
Operating revenue:		
Bridge tolls	\$ 2,485,428	2,473,618
Rentals	1,464,507	1,447,570
Construction project	-	19,500
Operating grants	5,850	-
Miscellaneous	17,594	1,946
Total operating revenue	<u>3,973,379</u>	<u>3,942,634</u>
Operating expenses:		
Salaries and wages	837,136	778,468
Payroll taxes and benefits	677,423	470,643
Automotive	70,467	45,951
Building and grounds maintenance	137,623	99,871
Equipment repairs and maintenance	36,702	20,782
Fuel and utilities	98,781	70,340
Bridge inspection	21,406	111,744
Insurance	172,499	178,417
Telephone and postage	20,668	21,643
Advertising	9,942	19,357
Professional fees	184,235	138,979
Depreciation	1,080,391	1,088,509
Office supplies	12,758	10,322
Travel and meetings	6,850	4,830
Miscellaneous	19,790	170,077
Total operating expenses	<u>3,386,671</u>	<u>3,229,933</u>
Operating income	<u>586,708</u>	<u>712,701</u>
Non-operating income (expense):		
Federal and State grants	-	-
Interest income	363	576
Loss on foreign currency exchange	(14,949)	(31,950)
Interest expense	(177,380)	(218,384)
Total non-operating income (expense)	<u>(191,966)</u>	<u>(249,758)</u>
Change in net position	<u>394,742</u>	<u>462,943</u>
Net position at beginning of year	<u>33,181,829</u>	<u>32,718,886</u>
Net position at end of year	<u>\$ 33,576,571</u>	<u>33,181,829</u>

OGDENSBURG BRIDGE AND PORT AUTHORITY

Schedule of Revenue, Expenses, and Changes

in Net Position - Port Fund, Continued

	<u>Airport</u>	<u>Industrial Properties</u>	<u>Railroad</u>	<u>Marine Terminal</u>	<u>Total</u>
	<u>2014</u>	<u>2014</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
Operating expenses, continued:					
Office supplies	\$ 1,915	1,345	-	2,458	25,409
Subscriptions and dues	-	-	-	9,782	6,279
Travel and meetings	3,402	8,148	-	18,939	8,068
New York State assessments and fees	-	-	-	-	2,901
Miscellaneous	97,775	6,331	24,997	4,088	84,400
Total operating expenses	1,061,604	1,137,775	333,813	1,755,158	5,157,233
Operating loss	(964,297)	(430,069)	(317,587)	(643,525)	(1,702,757)
Non-operating income (expense):					
Federal and State grants	388,150	-	-	596,790	1,497,085
Interest income	90	175	-	175	857
Gain (loss) on disposal of capital assets	-	(155,580)	-	5,665	-
Interest expense	-	(61,739)	-	(2,021)	(77,811)
Total non-operating income (expense)	388,240	(217,144)	-	600,609	1,420,131
Change in net position	\$ (576,057)	(647,213)	(317,587)	(42,916)	(282,626)
Net position at beginning of year				16,316,725	16,599,351
Net position at end of year				\$ 14,732,952	16,316,725

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Governing Board
Ogdensburg Bridge and Port Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Ogdensburg Bridge and Port Authority (the Authority), as of and for the year ended March 31, 2014, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 11, 2014

INDEPENDENT ACCOUNTANTS' REPORT ON
INVESTMENT PROGRAM COMPLIANCE

The Governing Board
Ogdensburg Bridge and Port Authority:

Report on Investment Program Compliance

We have audited the Ogdensburg Bridge and Port Authority's (the Authority) compliance with the types of compliance requirements described in the Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program during the year ended March 31, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York related to its investment program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Authority's investment program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the investment program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the investment program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Investment Program

In our opinion, Ogdensburg Bridge and Port Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its investment program for the year ended March 31, 2014.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirement that could have a direct and material effect on the investment program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the investment program and to test and report on internal control over compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York. Accordingly, this report is not suitable for any other purpose.

Toski & Co., CPAs, P.C.

Williamsville, New York
June 11, 2014